

Under the provisions of Section 413.031 of the Texas Workers' Compensation Act, Title 5, Subtitle A of the Texas Labor Code, effective June 17, 2001 and Commission Rule 133.305, titled Medical Dispute Resolution-General, and 133.307, titled Medical Dispute Resolution of a Medical Fee Dispute, a review was conducted by the Medical Review Division regarding a medical fee dispute between the requestor and the respondent named above.

I. DISPUTE

1. a. Whether there should be additional reimbursement for date of service 05/11/01?
b. The request was received on 03/28/02.

II. EXHIBITS

1. Requestor, Exhibit 1:
 - a. TWCC-60 and Letter Requesting Dispute Resolution
 - b. TWCC-66a
 - c. EOBs
 - d. Reimbursement data
 - e. Any additional documentation submitted was considered, but has not been summarized because the documentation would not have affected the decision outcome.
2. Based on Commission Rule 133.307 (g)(4), the Division notified the insurance carrier Austin Representative of their copy of the Additional Information on 06/28/02. The Respondent did not submit a response to the Additional Information. The "No Response Submitted" sheet is reflected in Exhibit 2 of the Commission's case file.
3. Notice of Additional Information submitted by Requestor is reflected as Exhibit III of the Commission's case file.

III. PARTIES' POSITIONS

1. Requestor: letter dated 06/15/01
"In accordance with the Pharmaceutical Fee Guideline Section II states for computing fair and reasonable fees, the following formula shall be utilized for generic medications: $AWP \times \text{number of units} \times 1.38 + \$7.50 = \text{MAR}$. In this case the patient received 30 pills the AWP is $55.04 \times 1.38 = \$75.95 + \$7.50 = \$83.45$. Therefore, reimbursement should be \$83.45 not the \$71.74 the Carrier paid."
2. Respondent: none submitted

IV. FINDINGS

1. Based on Commission Rule 133.307 (d)(1&2), the only date of service (DOS) eligible for review is 05/11/01.
2. The provider billed \$84.56 for Cephalexin 500 MG, #40.

3. The Carrier reimbursed \$71.74 and its EOB has the denial, "F – REDUCTION ACCORDING TO THE FEE GUIDELINES."
4. The amount in dispute is \$11.71, the difference between the billed amount and the amount reimbursed.
5. The Requestor is due additional reimbursement of \$5.45.

V. RATIONALE

The Pharmaceutical Fee Guideline (II)(A)(2) provides the method for computing fair and reasonable fees for generic pharmaceuticals: Average Wholesale Price (AWP)/units x number of units x 1.38 + \$7.50 = MAR. This mathematical formula remains constant except for the AWP. Therefore, the dispute must be what constitutes the AWP of Cephalexin 500MG, #40. The Requestor's position statement indicates it believes that the AWP of the provided prescription is \$55.04. Based on the amount of reimbursement paid by the Respondent, it believes that the AWP of the provided prescription is \$46.55. A review of the Price Alert, April 15, 2001, by Medical Review determines that the Correct AWP is \$50.50. $\$50.50 \times 1.38 + \$7.50 = \$77.19$ (MAR). Therefore, the Requestor is entitled to additional reimbursement of \$5.45 (\$77.19 less the \$71.74 reimbursed to date).

VI. ORDER

Pursuant to Sections 402.042, 413.016, 413.031, and 413.019 the Medical Review Division hereby ORDERS the Respondent to remit \$5.45 plus all accrued interest due at the time of payment to the Requestor within 20 days receipt of this order.

This Order is hereby issued this 11th day of October 2002.

Larry Beckham
Medical Dispute Resolution Officer
Medical Review Division